



Connecticut  
Department of  
**ENERGY &  
ENVIRONMENT**

**DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**  
**SMALL BUSINESS IMPACT STATEMENT**  
**Amendment of RCSA Section 22a-174-20(s) and**  
**Adoption of RCSA Section 22a-174-20(kk):**  
**Miscellaneous Metal and Plastic Parts Coating**  
**Pleasure Craft Coating**

Prior to adopting a new section or amendment, section 4-168a of the Connecticut General Statutes (CGS) requires that each state agency consider the effect of such action on small businesses as defined in CGS section 4-168a. When such regulatory action may have an adverse effect on small businesses, CGS section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency Submitting Proposed Amendment: Energy and Environmental Protection (DEEP)

Subject of Regulation: Control of organic compound emissions –  
Miscellaneous metal and plastic parts coating; pleasure craft coating

In accordance with CGS section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

Check all appropriate boxes:

- ☐ The regulatory action will not have an effect on small businesses.
- ☒ The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses. **SEE EXPLANATION**
- ☒ The regulatory action may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;

- (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
- (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment. **SEE EXPLANATION**

☐ The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

**Explanation:** The purpose of the proposal is to regulate emissions of volatile organic compounds (VOCs) from miscellaneous metal and plastic parts coating operations and pleasure craft coating operations. The impact of the proposal on a particular small business is best determined on a case-by-case basis, as the impact may range from a minimal savings to a moderate cost. The proposal includes provisions that may reduce the administrative burden on small businesses.

As part of national efforts to control ozone levels as required by the federal Clean Air Act, the U.S. Environmental Protection Agency (EPA) issued the requirements that form the basis of this amendment in 2008 as a control techniques guideline (CTG). Because Connecticut has not attained the national ozone air quality standard, Connecticut is required to adopt requirements consistent with the CTG.

EPA designs the recommendations of the CTGs specifically for small operations, which may not be subject to source permitting. DEEP added additional elements that take into account small business needs. Consideration for the impact on small businesses is evident in several respects of the proposal, as follows:

- EPA establishes an applicability threshold based on the costs of control, thereby excluding from applicability those businesses with very low emissions. EPA's applicability threshold is used to determine applicability for the proposal.
- Applicability is determined based on coatings and solvents purchased. Since purchases are typically tracked and recorded, even in the smallest business, the applicability determination is easily made without expenditure of administrative resources by the regulated business.
- VOC emissions are controlled through reformulation of coatings and solvents to low-VOC content alternatives. Work practices also reduce VOC emissions by preventing solvent waste and evaporation. Both of these approaches to VOC emissions control are low cost compared to the installation of pollution control equipment, which is an acceptable, but not required, approach to compliance. Control equipment is not considered cost effective at a facility with low emissions.
- Reporting is only required on request, thereby reducing the administrative costs.
- A number of exemptions are available to meet small business needs:
  - For metal and plastic parts coating, a low-use exemption is included to exclude from regulation operations that use less than 55-gallons of regulated coatings in any 12-month period.
  - Autobody refinishing that is conducted in accordance with RCSA section 22a-174-3b, which consists of permit-by-rule requirements suitable for small businesses, is exempt. U.S. Census Bureau statistics indicate that there are over 500 small businesses in Connecticut that engage in autobody painting and repair. Some of those businesses might have been subject to this amendment absent an exemption.
  - Sources subject to an order or permit that limits monthly emissions from all coating activities are exempt from the VOC controls of the amendment.

The fiscal impact on small businesses is difficult to estimate because certain requirements of the amendment impose a cost while others may reduce overall operating costs. The precise impact can only be estimated on a case-by-case basis. EPA assumes that all regulated miscellaneous metal and plastic parts coating operations will choose to use low-VOC coatings and work practices to comply rather than install pollution control equipment. Because California and several other states now have in place similar coating VOC content limits, compliant coatings are reported to be available at a cost that is not significantly greater than the cost of traditional, high-VOC coatings.

The number of miscellaneous metal and plastic parts facilities impacted may be estimated, although not with any certainty. The proposal addresses facilities that apply a coating to miscellaneous metal and plastic parts, which include metal and plastic components of small and large farm machinery, commercial and industrial machinery and equipment, automotive or transportation equipment, interior or exterior automotive parts, construction equipment, motor vehicle accessories, bicycles and sporting goods, toys, recreational vehicles, recreational boats, extruded aluminum structural components, railroad cars, lawn and garden equipment, business machines, laboratory and medical equipment, electronic equipment, steel drums, metal pipes and small appliances. Although EPA provides a list of North American Industry Classification System (NAICS) codes that includes all potentially regulated industrial categories, the collection of sources in the identified categories includes operations that do not conduct regulated coating and also may count a single source multiple times if the source engages in activities in several NAICS categories. Using the NAICS codes that EPA identifies as potentially regulated to search the U.S. Census Bureau's 2007 economic data, 361 small businesses in Connecticut are identified as potentially impacted by the proposal. For comparison, EPA estimates that the CTG requirements apply to 1,296 facilities nationwide, of which the estimate of 361 is an unusually large proportion, suggesting that one estimate or both estimates are not accurate.

EPA estimates that the per facility costs of compliance for miscellaneous metal and plastic parts coating operations to be \$10,500, although several factors call the accuracy of that estimate into question. The actual cost of compliance at many facilities is expected to be lower, for the following reasons:

- EPA does not reduce this general cost estimate by the net savings anticipated from the control requirements. Both work practices and mandated application methods reduce coating and solvent waste and evaporation, thereby reducing material purchase costs.
- EPA's estimate is made without regard for facility size or type of operation and has its basis in the compliance costs for a rule designed to control hazardous air emissions, not VOC.
- Connecticut now regulates VOC emissions from miscellaneous metal parts coating, so some source operations have incurred emissions control costs that may assist with compliance with the amendment.

The number of boat building and repair facilities in Connecticut that may be subject to the requirements is difficult to estimate. According to the U.S. Census Bureau's 2007 economic data, there are 10 businesses in Connecticut in the boat building category and another eight businesses in the shipbuilding and repair sector. All of the 18 businesses identified have more than 100 employees and so are not considered small businesses. DEEP believes that the estimate of impacted businesses is significantly underestimated by the census data as there are a number of marinas and boat dealers in Connecticut, some of which conduct boat coating and repair as a secondary part of the business. Many such facilities are small businesses. For instance, the Connecticut Marine Trade Association membership lists about 240 entities in Connecticut that appear to be marinas, boat yards or boat dealers, some of whom may also be engaging in boat coating. Any such facility that engages in commercial boat coating or re-coating would be subject to the requirements of proposed RCSA section 22a-174-20(kk). Reformulated coatings are more expensive than

higher VOC coatings. Information provided by coating suppliers suggests that the increase is about 40% for a two-gallon container of coating, a cost that a boat yard or marina may pass on to its customers.<sup>1</sup>

To understand the potential impact of the pleasure craft coating requirements, note that storage customers of marinas are not subject to the proposed requirements. Such customers typically perform their own boat maintenance during the winter months and at their convenience, often in the evenings after the boat yard is closed. The marina or boat yard is not required to track the coating use and practices of such customers.

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<sup>1</sup> A 40-foot boat would require about two gallons of coating as a prime coat.